

MAINE WORKERS' COMPENSATION BOARD COMPLIANCE AUDIT REPORT

May 1, 2000

The Bill Johnson Agency
Falcon Shoe Manufacturing Company
217 Main Street
Lewiston, Me 04243-3028

Claims Covered by Audit: 1999 Dates of Injury

Companies Covered by Audit:

Falcon Shoe Manufacturing Company	Self-Insured
The Bill Johnson Agency	Third Party Administrator

Examination by: Michael R. Nadeau, Audit Manager

Reviewed and Approved by: Steven Minkowsky, D.D.B.A.

The results of the audit and the procedures followed have been explained to:

Name:	Title:	Date:
Celine M. Jannarone	Claims Manager	Various

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SUMMARY

The Audit Division of the Maine Workers' Compensation Board examined all claim files for the period under examination (1999) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

The Division audited 35 claims, 7 lost time claims and 28 medical only claims.

Our audit revealed:

Falcon Shoe Manufacturing Company was self-insured during 1999. The Bill Johnson Agency serves as the TPA for Falcon Shoe. Celine Jannarone of CJ Audit & Claims Service is the Claim Representative and was very helpful during this audit.

- The Audit Division identified one reportable claim that had not been reported to the Board at the time of audit. They have since reported the injury to the Board.
- Falcon Shoe had two compensable lost-time claims during 1999. One claim was lump-summed prior to the audit and required no additional intervention. The second claim, the benefit rate was incorrect and no WCB-11 was filed.
- No problems were identified in the methods used to determine average weekly wages and benefit rates. The incorrect benefit rate found appears to be an isolated incident.

PENALTIES

A. Penalties Allowed by Law

◆ 39-A M.R.S.A. Sec. 359(2)

“In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act.”

◆ 39-A M.R.S.A. Sec. 360(1)(A)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;”

◆ 39-A M.R.S.A. Sec. 360(1)(B)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act.”

Two (2) forms were filed late (\$200.00).

◆ 39-A M.R.S.A. Sec. 360(2)

“The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.

INDEMNITY BENEFITS

A. Prompt Initial Payment of Benefits

			1999	
			Number	Percent
Check Mailed Within:				
0-14	Days	Compliant	1	100%
Total Due			1	100%

B. Prompt Subsequent Payment of Benefits

			1999	
			Number	Percent
Check Mailed Within:				
0-7	Days	Compliant	0	0%
8-14	Days		1	100%
Total Due			1	100%

C. Accuracy of Average Weekly Wage

			1999	
			Number	Percent
Calculated:				
Correct		Compliant	1	100%
Total			1	100%

D. Accuracy of Weekly Benefit Rate

			1999	
			Number	Percent
Calculated:				
Correct		Compliant	0	0%
Incorrect			1	100%
Total			1	100%

FORM FILING

A. First Report (WCB-1)

	1999	
	Number	Percent
Not Required	28	97%
Not Filed	1	3%
Total	29	100%

B. Wage Statement (WCB-2)

	1999	
	Number	Percent
Received at the Board:		
Filed Compliant	2	100%
Not Filed	0	0%
Total	2	100%

C. Schedule of Dependent(s) and Filing Status Statement (WCB-2A)

	1999	
	Number	Percent
Received at the Board:		
Filed Compliant	2	100%
Not Filed	0	0%
Total	2	100%

D. Memorandum of Payment (WCB-3)

	1999	
	Number	Percent
Received at the Board:		
Filed Compliant	2	100%
Not Filed	0	0%
Total	2	100%

FORM FILING (Continued)

E. Discontinuance or Modification (WCB-4)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	2	100%
Not Filed		0	0%
Total		2	100%

F. Notice of Controversy (WCB-9)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	1	100%
Filed Late		0	0%
Total		1	100%

G. Statement of Compensation Paid (WCB-11)

		1999	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%